



DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

1100 Commerce Street

Dallas, TX 75242

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Date: November 15, 2010

Number: **201106017**

Release Date: 2/11/2011

ORG
ADDRESS

Person to Contact:

Badge Number:

Contact Telephone Number:

Contact Address:

Employer Identification Number:

UIL: 501.03-00

CERTIFIED MAIL

Dear :

This is a final notice of adverse determination that your exempt status under section 501(c) (3) of the Internal Revenue Code is revoked. Recognition of your exemption under Internal Revenue Code section 501(c)(3) is revoked January 1, 20XX for the following reason(s):

You have failed to produce documents to establish that you are operated exclusively for exempt purposes within the meaning of Internal Revenue Code section 501(c)(3), and that no part of your net earnings inure to the benefit of private shareholders or individuals. Also, you have failed to keep adequate books and records as required by IRC section 6001 and the regulations there under. In our letters dated March 11, 20XX, March 17, 20XX, and April 19, 20XX, we requested information necessary to conduct an examination of your Form 990 for the year ended December 31, 20XX. We have not received the requested information.

You failed to file an annual return on Form 990 for the year ended December 31, 20XX. Our records also indicate you have not filed an annual return on Form 990 since the year ended December 31, 20XX. IRC 6033(a)(1) provides that with certain exceptions, every organization exempt from taxation under IRC 501(a) shall file an annual return.

Section 1.6033-2(h)(2) of the Income tax Regulations provides, in part, that every organization which is exempt from tax, shall submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status. You have not provided the requested information.

You fail to meet the operational requirements for continued exemption under IRC 501(c)(3). You have not provided requested information. We hereby revoke your organization's exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code, effective January 1, 20XX.

Contributions to your organization are no longer deductible effective January 1, 20XX.

Since your exempt status has been revoked, you are required to file Form 1120, U.S. Corporation Income Tax Return, for all years beginning on or after January 1, 20XX.

Income tax returns for subsequent years are to be filed with the appropriate Service Center identified in the instructions for those returns.

It is further determined that your failure to file a written appeal constitutes a failure to exhaust your available administrative remedies. However, if you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia before the (ninety-first) 91st day after the date that this determination was mailed to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. To secure a petition form, write to the following address:

Please understand that filing a petition for a declaratory judgment under IRC section 7428 will not delay the processing of subsequent income tax returns and assessment of any taxes due.

You also have the right to contact the Office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above since this person can access your tax information and can help you get answers. You can call and ask for the Taxpayer Advocate assistance or you can contact the Advocate from the site where this issue was determined by writing to:

Taxpayer Advocate assistance cannot be used as substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determination, nor extend the time fixed by law that you have to file a petition in Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling.

This letter should be kept within your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely,

Nanette M. Downing
Director, EO Examinations

Enclosures:
Publication 892



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY

Internal Revenue Service
TE/GE: EO Examinations
1100 Commerce Street
Dallas, TX 75242

May 18, 2010

ORG
ADDRESS

Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:

Telephone:

Fax:

Certified Mail - Return Receipt Requested

Dear :

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501(c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Nanette M. Downing
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Report of Examination

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
Name of taxpayer ORG	Tax Identification Number EIN	Year/Period ended 12/ 31/20XX	

LEGEND

ORG = Organization name XX = Date Address = address State = state
 President = president

ISSUES

Whether the tax-exempt status for ORG should be revoked since they failed to provide information verifying its continued qualification for exempt status.

FACTS

ORG is a 501(c)(3) tax exempt organization with 509(a)(2) Foundation Status. The organization was established in December of 19XX. The organization's current status indicates their still active and was granted exemption in June of 19XX. The organization was determined to be a 509(a)(2) Public Charity, because they did not meet the requirements of a Private Foundation. They have a Form 990 and Form 941 filing requirement. The only returns that have been filed by the organization was a 941 for the 2nd quarter in 19XX, a 941 for the 1st quarter in 20XX and a 941 for the 3rd quarter in 20XX. The organization filed for corporate status with the state of State on June 8, 19XX. According to the State Secretary of State the status of ORG is *active* and the mailing address matches the Service's records (Address).

According to the Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, the purpose of this organization is to provide solutions for women, families, and teens in crisis. The organization shall be devoted to housing pregnant teens. The organization shall provide: 24-hour crisis line, temporary emergency shelter for women and children, drug and alcohol rehabilitation, vocational and educational training, counseling, and family planning.

The 20XX period was selected for examination. The organization did not have a website and no evidence was found on the internet or in databases used by the Service showing ORG has recently done any activities.

Several phone numbers were called that were used by the organization and its officers. All of the numbers the organization listed on their application for exemption did not work. Several officers, board members and trustees were called to schedule an appointment and go over the examination procedures. The only person that answered said she hasn't been involved with the organization for 5 or 6 years and most of the people she knew are no longer involved with the organization. She recommended calling President, the President. All of the phone numbers for President were called earlier in the examination and nobody responded.

An initial appointment letter used when there is no prior taxpayer contact was sent to the Service's address of record. All of the appointment letters that were sent to the organization included a document request (Form 4564) which listed documents that need to be reviewed. The first appointment was scheduled on April 14, 20XX at 9:00 am. The letter was returned with a message stating the post office was unable to forward; the forwarding address is Address, City, State. On March 17, 20XX two more appointment letters were sent to another address in the Service's records (Address; Address, City, State) and the forwarding address from the returned appointment letter. Numerous phone calls were made to the phone numbers used by the organization, but nobody ever responded. On April 15, 20XX nobody from the organization called to confirm or reschedule the appointment that was scheduled. On April 19, 20XX two more appointment letters were sent by certified mail to the addresses used by the organization. The second

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
Name of taxpayer ORG	Tax Identification Number EIN	Year/Period ended 12/ 31/20XX	

appointment was scheduled for May 2, 20XX 10:00 a.m. at the Internal Revenue Service's office at Address, City, State. On April 23, 20XX the return receipt from the appointment letter sent to Address was returned and it was signed.

On May 4, 20XX nobody showed up for the second time. No response was received from any of the appointment letters or any of the phone calls that were made. A 30-day letter was sent by certified mail to the address in the Service's records. The letter stated that revocation will be proposed if no response is received in 30 days.

LAW

IRC §501(c)(3) provides for exemption of organizations organized and operated exclusively for charitable purposes, and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

IRC § 6001 provides that every person liable for any tax imposed by the Code, or for the collection thereof, shall keep adequate records, render such statements, make such returns, and comply with such rules and regulation as the Secretary of the Treasury or his delegate may from time to time prescribe. Whenever in the judgment of the Secretary it is necessary, he may require any person, by notice served upon such person or by regulations, to make such returns, render such statements, or keep such records, as the Secretary deems sufficient to show whether or not such person is liable for tax under this title.

IRC § 6033(a)(1) provides, except as provided in IRC § 6033(a)(2), every organization exempt from tax under section 501(a) shall file an annual return, stating specifically the items of gross income, receipts and disbursements, and such other information for the purposes of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.

Treas. Reg. § 1.6001-1(a) in conjunction with Treas. Reg. § 1.6001-1(c) provides that every organization exempt from tax under IRC § 501(a) and subject to the tax imposed by IRC § 511 on its unrelated business income must keep such permanent books or accounts or records, including inventories, as are sufficient to establish the amount of gross income, deduction, credits, or other matters required to be shown by such person in any return of such tax. Such organization shall also keep such books and records as are required to substantiate the information required by IRC § 6033.

Treas. Reg. § 1.6001-1(e) states that the books or records required by this section shall be kept at all times available for inspection by authorized internal revenue officers or employees, and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

Treas. Reg. §1.6033-2(i)(1) states that an organization which is exempt from taxation under section 501(a) and is not required to file annually an information return required by this section shall immediately notify in writing the district director for the internal revenue district in which its principal office is located of any changes in its character, operations, or purpose for which it was originally created.

Treas. Reg. §1.6033-2(i)(2) provides that every organization which is exempt from tax, whether or not it is required to file an annual information return, shall submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status and to administer the

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
Name of taxpayer ORG	Tax Identification Number EIN	Year/Period ended 12/ 31/20XX	

provisions of subchapter F (section 501 and the following), chapter 1 of the Code and IRC § 6033. Failure to comply with this request for information could result in the loss of tax exempt status.

Revenue Ruling 59-95, 1959-1 CB 627, states that an organization previously held exempt from Federal income tax was requested to produce a financial statement as of the end of the year and a statement of its operations during such year. However, its records were so incomplete that it was unable to furnish such statements. Section 6033 of the Internal Revenue Code of 1954 provides that every organization, except as provided therein, exempt from taxation under section 501(a) of the Code shall file an annual return, stating specifically the items of gross income, receipts, and disbursements, and shall keep such records, render under oath such statements, make such other returns and comply with such rules and regulations as the Secretary of the Treasury or his delegate may from time to time prescribe. The failure or inability to file the required information return or otherwise to comply with the provision of section 6033 of the Code and the regulations which implement it, may result in the termination of the exempt status of an organization previously held exempt, on the grounds that the organization has not established that it is observing the conditions required for the continuation of an exempt status.

In accordance with the above cited provisions of the Code and regulations under IRC § 6001 and § 6033, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status and to determine its liability for any unrelated business income tax.

TAXPAYER'S POSITION

The taxpayer has not responded to any of the attempts to contact them. Their position is unknown.

GOVERNMENT'S POSITION

ORG has failed to meet the reporting requirements of IRC Sections 6001 and 6033 by not providing the records required to determine if the organization was in fact operated for exempt purposes, engaged in any legislative or political activities, or if earnings inured to the benefit of private individuals.

The Form 4564 requested documents such as bylaws and meeting minutes which needed to be reviewed to determine if organizational requirements were met. The Form 4564 requested documents such as copies of Federal tax/information returns filed and prior Service audit reports/letters/correspondence which are needed to determine if the organization met all filing requirements. The Form 4564 also requested documents such as books and records of assets/liabilities/receipts/disbursements, check register, bank statements, and a sample of source documents for expenses which are needed to determine how funds were used and whether they were used for charitable purposes. Form 4564 was sent to the organization numerous times. They were given an adequate opportunity to provide the information. Letters were sent to the organization informing them that failure to respond or provide the requested documents may jeopardize the organizations exempt status.

The failure to provide books and records for the period ending December 31, 20XX constitutes failure to comply with section 1.6033-2(i)(2) of the Tax Regulations cited above. It has not been possible to determine if the organization is operated exclusively for exempt purposes within the meaning of Internal

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
Name of taxpayer ORG	Tax Identification Number EIN	Year/Period ended 12/ 31/20XX	

Revenue Code section 501(c)(3). We propose to revoke the organization exemption under section 501(c)(3) of the code, effective January 1, 20XX.

CONCLUSION

The organization failed to meet the reporting requirements under IRC § 6001 and § 6033 to be recognized as exempt from federal income tax under IRC 501(c)(3). The failure to provide books and records to substantiate the organization's activities constitutes a failure to comply with Section 1.6033-2(i)(2) of the Tax Regulations cited above. They were given adequate opportunities to provide the information and they were advised of the consequences of failing to provide such information. Accordingly the organizations exempt status should be revoked effective, January 1, 20XX and there will be a Form 1120 filing requirement for the subsequent tax periods.